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ABSTRACT

This paper provides background information relating to a school finance reform movement in Utah and describes the passage of a 1973 bill that provides a power equalizing system to redistribute excess revenue from local taxes in combination with State uniform school funds for a guaranteed program to all districts. The law should bring the level of expenditure in the less affluent districts up to the level of the more affluent districts, provide for additional increases in all districts, provide extra support in those districts that have higher cost per student than the average, and relieve all students up through high school of any requirement to pay special fees or charges for their education. The paper describes the law's provisions for raising local school revenues for current operations and for capital outlay and debt service, for local property tax administration, and for property tax relief. The principal State aid program is described in detail along with the program's effect on selected districts. The document concludes with a discussion of the new law's legal implications. (Author/DN)

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AN ANALYSIS OF SENATE BILL 72 SCHOOL FINANCE PROGRAM IN UTAH

Submitted in Compliance with
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ANALYSIS OF SENATE BILL 72

SCHOOL FINANCE PROGRAM IN UTAH

PART I - BACKGROUND

The Budget Session of the 39th (1972) Utah Legislature directed its legislative council to make a study of the Utah public school finance program[1] and report its findings and recommendations to the general session of the 40th legislature. A resolution proposing this study was initiated by the joint house and senate education appropriation subcommittee. During the course of testimony and discussion regarding the level of support and methods of allocating limited funds for state categorical programs, concern was expressed by local district superintendents and legislators regarding inequities in the pattern of state categorical fund allocations to districts. The State Superintendent was questioned regarding the reason for the inequities. Committee members were told the inequities existed not because of any bias of the state school office in favor of one district or another but for educational and political reasons. The present law had become a patchwork of amendments and add on features adopted because of an identified need or as a result of the efforts of special interest groups.

Changes in the school finance act had been made over the years without critical examination as to the effect these changes

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[1]Sections 53-7-16 through 53-7-24, Utah Code Annotated 1953, and as subsequently amended.

would have on the total funding pattern and often they were made without an awareness of the readiness or capability of school districts to take on the new programs. In some instances, a few districts had the staff, classrooms, curriculum materials and other resources to move into new programs immediately. Other districts, however, were either uninterested in the new programs or were unable to provide the necessary support personnel, facilities and materials to implement the programs. Consequently, higher levels of operation were established in districts that accepted the programs early as compared with other districts that have only recently accepted some of the programs. Legislative increases in state support in ensuing years was insufficient to maintain the operating programs and provide for normal growth as well as to satisfy new districts wishing to enter the field at comparable program levels.

It was noted that during the past few years, each session of the legislature had made a reduction in the special appropriations for small schools to force a reduction in the numbers of schools receiving such aid. The 1972 legislature, in making one such cutback constrained the board of education from implementing an orderly reduction based upon an analysis of need but was informed that legislative intent was to limit the reduction to no more than one distribution unit (DU) for any one school district. Whether or not the constraint was in fact legislative intent is not clear. The State Superintendent noted that in other cases, special amendments to relieve pressures in certain localities feeling the pinch of austerity introduced other inequities. During

the discussion, the members of the joint educational appropriations subcommittee were appraised of the implications of recent court decisions such as Serrano vs. Priest in California. Dr. Walter D. Talbot, State Superintendent, urged the committee to provide for an in depth study of the Utah School Law. A resolution was adopted initiating the Legislative Council study.

Sponsors of the Study

The Report and Recommendations of the Legislative Council Study Committee described the background of the study as follows:

> Under the direction of the Education Committee of the Legislative Council a finance study committee was organized and began its work on May 1, 1972. Dr. Percy Burrup, a specialist in school finance at Brigham Young University, was selected as its director with J. Easton Parratt, Superintendent of Murray City Schools, and Sherman Eyre, Director of Administration and Auxiliary Services for the State Board of Education as assistants. The study became part of a statewide study on state and local government partially financed by a grant from the Ford Foundation. Professor LeRoy F. Harlow, from Brigham Young University who was conducting the studies on local and state government at the University of Utah, was instrumental in obtaining the grant and was director of the statewide study.
>
> The finance study was made possible by the willingness of various state and professional organizations to provide part-time services of some of their personnel in doing research. The State Board of Education, the Legislative Council, the Utah Education Association, and the Budget-Audit Committee of the Legislature each provided one or more specialists to work with the research committee on a part-time assignment basis.

Objectives of the Study

The Utah School Finance Study Committee began its research work in May, 1972, under the following directive from the Education Committee of the Legislative Council:

> To study the formula definitions of existing programs; (1) to recommend alternatives to measure widely divergent costs of programs within and among school districts; (2) to recommend alternative allocation of resources to

equalize financial burdens among and between school districts; and (3) to provide some opportunity for districts to enrich local programs, if desired.

In determining the direction the study should take, the research analysts concerned themselves with three major objectives:

1. The objectives of the Utah Legislature in requiring such a study;

2. The changing of school finance philosophy and programs in harmony with the Serrano and other recent court decisions; and

3. Utilization of the results of the recently completed (1971) National Education Finance Project--the most comprehensive and important study completed in school finance in the last quarter of a century.

Alternative Directions for the Study

School finance authorities recognize only three alternative actions that are available to states that are attempting to improve their school finance programs to meet the requirements imposed upon them by Serrano. These include: (1) complete state financing of education; (2) provision for greater equalization by reorganizing school districts and forming larger administrative units; and (3) revision of a state's present school finance formula to provide greater equity in the distribution of its funds to local school districts.

Full State Funding. A study of full state funding for the financing of public education was rejected by the research committee at the beginning of this study for several reasons: (1) it would probably result in greater state control and tend to minimize local control of education; (2) it could not provide a defensible and objective method for the allocation of additional state funds for additional local tax effort (as is presently done), for there is no provision in this plan for local effort in any amount; (3) sufficient time was not available to provide the necessary information to design such a system; and (4) such an abrupt change in our state-local partnership system of financing education is not needed and in the opinion of most knowledgeable school finance authorities would not be desirable at this point in time.

School District Reorganization. A second approach to providing more equal educational opportunity is that of more nearly equalizing the tax bases of local school districts by reorganization--resulting in fewer districts with a decrease in the range of ability to pay for education between wealthy and poor districts. While this is recognized by many people as an appropriate approach to solving our problem, it was rejected because of lack of time and money to make such a needed statewide study.

Improving the Equity of the Finance Formula. The third choice of methods to improve a state's school finance pattern--and the one most often used--is that of revision and improvement of its finance formula. In the opinion of the research committee this was the best approach for the State of Utah. Consequently, the major thrust of the study was directed toward providing greater equity in the state's school finance formula.[2]

Time Frame

As was noted, the finance study committee commenced work in May of 1972. The committee report, Utah School Finance Study, A Report to the Education Committee of the Utah Legislative Council, was completed in December 1972. However, the submission of the report did not conclude the involvement of some members of the committee. During the extensive hearings conducted by the joint education appropriations subcommittee on the concepts involved, study committee members were asked to provide specific student weightings for some additional programs even though adequate cost data were not available and to develop several cost analysis based upon changes in the dollar value of the weighted pupil. The latter task was assigned to the state board which had prepared a computer simulator for such purposes. The staff of the Legislative

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[2]State of Utah, Report & Recommendations Utah Legislative Council, December 1972, Salt Lake City, Utah, p. 138-141.

Council drafted a bill compatible with the study committee's report which was introduced on the twelfth day of the session as Senate Bill 72. The first draft left dollar and mill levies blank.

A coalition of the Republican leadership and bipartisan support by members of the legislative council education committee responsible for the study brought the concept out with a favorable vote even though the bill was not available in final form. The final draft was not completed until the 56th day of the 60 day session of the legislature. A period of ten months elapsed from the time the finance study committee was organized to the adoption of the new school finance law by the legislature.

Gubernatorial Support

In his budget message to the legislature Governor Calvin L. Rampton indicated there would be a surplus of approximately $45 million in the state's general fund. He indicated that recent court decisions such as Serrano vs. Priest in California, were requiring that educational opportunities for children within a state must be equalized between affluent and less affluent districts. To achieve this in Utah Governor Rampton recommended an increase for education of 12 percent, or $23 million. Two million dollars, he proposed, would come from local district tax collections and $21 million from the uniform school fund. The Governor's written report contained the following statement to support his recommendation.[3]

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[3]Governor's Message and Budget in brief to the Fortieth Legislature of the State of Utah, January 1973, Salt Lake City, Utah, p. 7.

With these total dollars we can achieve the following objectives:

1. Bring the level of expenditure in the less affluent districts up to the level of the more affluent districts.

2. Provide for an additional increase in all districts so that the more affluent districts will not be required to continue for a year without increased support.

3. Provide extra support in those districts which, because of peculiar situations, have higher cost per student than the average.

4. Relieve all students up through high school of any requirement that they pay special fees or charges for their education.

This statement by the Governor, along with the promise that no increase in taxation would be necessary to fund this program, was deemed to be instrumental in the passage of the revised school finance program.

PART II - DESCRIPTION OF ACT OR PROPOSAL

The new law moves toward a power equalizing system which redistributes excess revenue from local taxes in combination with state uniform school funds for a guaranteed program to all districts.

Heretofore, the Utah School Finance law for maintenance and operation contained three elements as revenue sources for Utah school districts, i.e., the basic program, the board leeway, and the voter's leeway.

1. Basic Program. The basic program for 1972-73 required a 16 mill levy with a guaranteed of $9,210.00 for each distribution unit (27 pupils in average daily attendance) by the state.

A recapture clause returned any excess over the guaranteed amount to the uniform school fund.

2. Board Leeway. The board leeway for the same year provided that by action of the local board an additional levy against local property, not to exceed 12 mills could be made. For each mill levied, the state would guarantee $225.00 per distribution unit. This authorization did not contain a recapture clause, consequently, districts with an assessed valuation which returned more than the amount guaranteed by the state kept the overage.

3. Voter's Leeway. The voter's leeway program also provided a state guarantee. District's that received voter support for an additional levy not to exceed 10 mills were guaranteed $110.00 per mill per distribution unit by the state. In addition there was no recapture clause in this element of the school finance act. Consequently, districts that had successful leeway elections had higher mill levies than districts that had not received such authorization and districts with assessed valuations sufficient to raise more than the state's guarantee could receive a higher return per mill per distribution unit. (See Utah Code Annotated 1953, Sections 53-7-16 through sections 53-7-24).

The new law, Senate Bill 72 of the 40th Legislature, amended most of tnese sections of the code. Eight basic changes were made.

1. Basic Program. The basic program (16 mills) and the board leeway (12 mills) were combined into a new basic program

of 28 mills with the recapture clause operative against all 28 mills.

2. Distribution Unit. The basis for allocation of funds was changed from the distribution unit (27 pupils in average daily attendance) to the weighted pupil. The weighted pupil unit (WPU) is based upon an average of ADA (average daily attendance) and ADM (average daily membership).

3. Program Weightings. The regular W.P.U. is valued at $508. However, some of the program areas which are known to result in higher costs to a district are given different weightings as a basis of recognizing differential in costs. The resultant WPU's are called "add ons." For example an emotionally disturbed child in a self contained classroom is valued at 3.09 WPU's (3.09 x $508). The sum of the value of all such special children in self contained classrooms is added on to the total of the districts other WPU's.

4. Amount of State Support. A fixed dollar amount for state support in broad program areas is mandated by the new law. Heretofore, the total dollar amount of state support floated dependent upon the number of children served. The new law with a fixed amount of state support forces a float of the amount provided per weighted pupil. (plus or minus $508 per WPU)

5. Transportation costs. The new law includes provision for a linear regression formula which guarantees each district 77 percent of its approved costs for transportation. This includes capital outlay for new equipment. The old formula provided $2.95 per pupil mile annually or 72 percent of approved costs.

6. Additional Categorical Aid Programs. Categorical aid was provided for "compensatory education" and "elementary school guidance" programs. This was in addition to continuing such aid for instructional media centers, extended year-extended day and summer programs, community school, statewide data processing, educational television, regional service units, teacher leadership, career development (dropout prevention) and experimental schools programs.

7. Necessarily Existent Small Schools. The new law continued extra funding for necessarily existent small schools but changed the allocation process from a discretionary formula developed by the State Board of Education to a specific formula in the law.

8. Phase In and Phase Out Provisions. The new law also includes two provisions to soften financial impact on local school districts. It allows a local mill levy of up to four mills for three years as a basis for assuring each district a six percent increase over the 1972-73 year basic program. It also allows the same local levy for three years to replace any loss resulting to districts from cutbacks in Public Law 874 below the 1972 entitlement.

In overview, the new law provides additional funds on a program basis, equalizes revenue among districts with state funds, reduces state board discretion through mandated allocation formulas and shifts to a weighted pupil based on the average of ADA + ADM from a distribution unit based upon ADA.

RESOURCES AND BUDGET

I. Provisions for Raising State School Revenue.

A. Earmarked State Taxes.

Utah law earmarks the revenue from the state individual income tax, corporation franchise tax, school land income, 45% of the federal mineral lease royalties, and a few miscellaneous sources for the uniform school fund. In addition, the legislature may appropriate a transfer from any surplus that may exist in the general fund to the uniform school fund.

Following estimates of cost of the minimum school program by the state board of education, any supplementary revenue needed to pay the state's contribution for the cost of that program is provided for by a statewide property tax levy which is set by the state tax commission.

There is no change in these provisions from prior years. However, the new law places a maximum amount for the state's contribution. This makes the calculations by the state board of education in August for this purpose somewhat meaningless.

B. Unearmarked State Taxes.

There were no proposals for unearmarked taxes or for the use of other state taxes to support education. However, the Governor indicated that much of the state's portion of general revenue sharing receipts would be placed in the uniform school fund. This was not carried out by the legislature, however.

C. Percent of Increase of State Support.

The amount of increase to the minimum school program for fiscal 1974 over fiscal 1973 will be $21,764,000 for an increase of 16 percent.

	1970-71 Actual	1971-72 Actual	% Inc.	1972-73 Est.	% Inc.	1973-74 Est.	% Inc.
Total All Programs	$165,809,000	$179,743,400	8.4	$193,581,700	7.7	$216,947,700	12.07
Local Contribution	54,424,100	57,347,200	5.4	59,593,800	3.9	61,195,600	2.7
State Contribution	111,384,900	122,396,200	9.4	133,987,900	9.4	155,752,100	16.2
Percent of Total:							
Local	33%	32%		31%		28%	
State	67%	68%		69%		72%	

This is the largest single state increase for public education in terms of either dollars or percent since state support for education was introduced.

II. Provision for Raising Local School Revenues.

A. Local School Taxes for Current Operation.

1. Tax bases and rates for basic programs. Under the new law each district must impose a minimum basic tax levy of 28 mills on all the assessed value of the property within the district's boundaries; except that any district required to raise its levy by 10 mills or more above the 1972-73 school year levy may make the increase in three years but the increase must not be less than one-third each year. If a district levies less than the full 28 mills, then the state's contribution to its basic program is reduced at the rate of $18.20 per weighted pupil per mill below the 28 mill requirement.

The 28 mill levy for the basic program was arrived at by combining the former basic program of 16 mills and the local board leeway program of 12 mills.

Until the 1972-73 school year only one district has consistently levied less than the 12 mills authorized under the Local Board Leeway provision. Because of its high assessed value per pupil San Juan School District levied only 1.6 mills of the 12 mills authorized in 1972-73. The three-year phase in provision in the new law was made to cushion the tax increase impact for the taxpayers of this country.

All property is supposed to be assessed at 30 percent of fair market value. Studies tend to show that in practice assessment rates are closer to 20 percent of fair market value with the exception of utilities and mines and certain other commercial properties which in practice are assessed at closer to 30 percent.

2. Equalized or unequalized local tax leeway. Basic and board leeway programs. As noted above all districts must levy 28 mills to participate in the basic state-supported school program. Where the proceeds from this levy exceed the district cost there is no state contribution and any proceeds in excess of the cost of the basic program must be paid into the state uniform school fund.

In previous years, only the excess of the proceeds over the state guaranteed minimum from the 16 mill

basic program levy was paid into the uniform school fund. Amounts derived from the local board leeway in excess of the amount guaranteed by the state were retained by the districts. This feature was the major change in the revenue equalization effort affected by the new legislation. However, in recent years, as a result of continuous pressure on the legislature for greater equalization there has been a gradual increase in the amount of the state guarantee under the basic program and a lesser increase in the board leeway. Consequently, only five districts have received excess revenue from the board leeway levy.

Voted leeway program. The new law continues the state supported voted leeway program contained in the old law. Previously, the amount was guaranteed at $110 per distribution unit for each mill levied not to exceed 10 mills. The change converts the amounts to comparable pupil weightings, i.e., $4 per weighted pupil unit for each mill not to exceed ten (10) mills.

a. Rate limitations and provisions for exceeding. As noted above a district is permitted to levy less than 28 mills if the increase from 1973 to 1974 is greater than 10 mills. The legislature made two other special provisions which allow for special levy increases.

Minimum of 106 percent increase. A special provision effective for a three year period,

permits a local board to levy sufficient millage to provide at least 106 percent of the amount per pupil in ADA that it received under the old law. The level of state support provided for under the new law was based upon the expenditure level in Jordan District, the highest expenditure district. The special 106 percent provision was made to assure this district a cost-of-living increase and to permit an adjustment period for the changeover. No state support is provided.

Loss of Impact Aid. Another special provision allows a special local board mill levy, with no state support, to provide for potential losses that may occur by federal reductions in Impact Aid under P.L.-874. Under this special provision the local board could increase the local levy to provide an amount sufficient to equal the fiscal 1972 entitlement under P.L.-874. The special mill levy could not exceed 4 mills and its use is limited to three years.

b. Budget increase limitations and provisions for exceeding. For the first time since the inauguration of the state guaranteed minimum program in Utah, the legislature has placed a limit on the state funds that may be spent for the "State-Supported Minimum School Programs." The legislation limited the total amount of state funds to $155,752,100 and also

estimated the total number of weighted pupils at 351,473 units. If the number of weighted pupils exceeds the estimate, then the state board of education must reduce the value of the weighted pupil from $508 so that the expenditure does not exceed the amount appropriated. The number of estimated pupils and the expenditure levels for each program were written into the law. The programs included are: (1) necessarily existent small schools, (2) handicapped children, (3) adult high school & skill centers, (4) vocational and technical, (5) summer programs, (6) regular school programs, (7) special purpose (categorical) programs, (8) state supported voted leeway, and (9) social security and retirement.

Under the former law, no budget limitation was mandated except for categorical and other special programs. A fixed value was placed on the distribution unit (27 pupils in ADA) and the total expenditure varied as a consequence of the number of children in ADA. The level of the statewide property tax levy became the revenue variable for meeting uniform school fund deficits that could result from an under estimation of total state costs.

Under the new law, the only possibility of exceeding the legislative mandated budget limitations would be with federal assistance grants and other non-local or state revenues.

c. Dollar increase limitations and provisions for exceeding. The same comments under budget limitations above would apply here.

B. Local School Taxes for Capital Outlay and Debt Service.

In Utah there are three revenue sources for Capital Outlay and Debt Service: (1) 10% of the basic program, (2) Continuing School Building Aid (13.5 mills), and (3) Critical School Building Aid.

1. 10% of basic program for capital outlay. The state supported minimum school program provides for an additional levy by a district for the purchase of school sites; erection or remodeling of school buildings and for equipping the same, or for the purchase of school buses. A local board may levy an amount equal to 10% of the cost of the district's basic program. This levy is in addition to other capital outlay authorizations. There were no changes in this provision from previous years.

2. Continuing School Building Aid, HB 106. This act was updated to conform with pupil weightings in the minimum school program and to make other technical amendments. It increases maximum state aid from $1,440 per building unit and a 12 mill levy to $1,707.75 per building unit and a 13.5 maximum mill levy. It includes an allowance for one building unit for each $5,600 of a school district's bonds outstanding prior to the previous year and those redeemed or retired during

the current year. Previously, it was limited to those issued prior to 1971. The act requires districts to give consideration to replacement or renovation of unsafe and hazardous buildings. State aid was increased from $3.1 million each year to $5.1 million for the 1973-74 fiscal year.

3. Critical School Building Aid, HB-105. This new act provides state aid ($5.5 million) to those districts that are unable to meet critical school building needs through their own maximum bonding and taxing efforts. To qualify, a district must levy 18 mills for capital outlay and debt service (as provided for in 1 and 2 above), be bonded to the maximum capacity (not to exceed all the revenues of the districts for the current year) and apply all unused capital outlay revenues.

The law establishes the method of determining a priority on the allocation of state funds. The school finance study committee included in its report an estimate that $54 million would be required if sufficient funds were provided for all the critical public school building needs in the state.

The Critical School Building Act is new this year. However, a very similar measure was in affect during the fast growth school building years of the 1950's. The original law was dropped and bonding unit aid and alternate building aid programs came into being during the latter 1960's. In 1971, these two programs were

merged into the present continuing school building program described in "2" above.

a. Rate limitations on tax base and provisions for exceeding. The maximum mill levy for capital outlay for a district is 13.5 mills plus a mill levy sufficient to raise an amount equal to 10% of the district's basic M & O program. In 1971-72 the range was from 0 to 6.5 mills that districts levied under this authorization. For total capital outlay and debt service the range is from 6.0 mills in a small rural county system to 19.23.

There is one provision for exceeding the levies noted above. A district may increase the capital outlay levy by one percent of its basic M & O program by a vote and approval by the qualified voter in the district. This special voter authorization occurred only once in the last decade.

b. Voting Provisions. In Utah, the local board of education may borrow money through the issuance of bonds for maintenance of school plant, purchasing sites, or for building school buildings but the issue cannot be in excess of the taxes and all revenues of the district for the current year. Such indebtedness must be submitted to the qualified electors of the district in accordance with the provisions of the Utah Municipal Bond Act. The bond act requires that the proposition be submitted to a

special election of qualified electors. A qualified elector is anyone who is a bona fide resident of the district and is 18 years of age or older.

C. Provision for Local Property Tax Administration and Supervision.

1. Property revaluation program. The State Tax Commission in Utah is required to administer and supervise a program for the revaluation of all taxable real property in each county of the state every five years on a county by county rotation basis. Local property must be assessed on the basis of this valuation.

2. Verification and authorization for tax rates. Annually the state tax commission distributes forms to the clerk of each local board of education containing tax levy authorizations for both maintenance and operation and for capital outlay.

The clerk of the board following formal action by the board, completes the form showing the level of taxes to be imposed under each authorization. A copy of the notification is returned to the state tax commission and a copy goes to the county clerk. The state tax commission then checks to see that each levy proposed by the local board of education is in compliance with the law. Often the tax commission checks with the state board of education for agreement when changes in the law has occurred. If the school board tax levy notice is correct the state tax commission

certifies this to the county clerk. If it is incorrect then all three parties are notified, the local board, the state board and the county clerk. Adjustments must be made and certified by the local board for re-submission to the state tax commission.

In addition, the school district must submit to the state board of education, as a part of the district budget, the levies for each authorization. These levies are checked by the state board for accuracy under each authorization. If approved, the state board submits a listing of the districts and the millage under each authorization to the state tax commission as a further verification.

The authority rests with the state tax commission relative to the legal limits that may be levied. The county clerk must abide by the commission's findings before an assessment against local property can be made. The county commission levies the tax on the taxable property at the rate verified by the tax commission to raise the amount of local revenue required by each board of education.

III. Local Tax Relief Provisions or Effects.

A. Property Revaluation Tax Increases.

Under the legislation requiring the state tax commission to supervise the revaluation of taxable real property each five years the amount of increase per year is limited to 106 percent per year. A similar provision is in the minimum

school finance act which permits a "phase in" to the higher assessment for education over a four year period to spread the impact of the tax increase on the taxpayer. The increase in any year cannot be less than 10 percent of the amount of the local contribution in the last year prior to the revaluation. The state's contribution would be the same as if the district had levied the full amount this provision remains unchanged.

B. Maximum Levies by Program.

Local boards cannot impose property tax levies in excess of the levels provided for in the law. If the mandatory level is levied then the state guarantees the M & O basic level of support at $508 per weighted pupil.

Maintenance and Operation (M & O)

1.	Basic Program (@ 28 mills)	Guaranteed @ $508/WPU
2.	Local Board Leeway (temporary 3 years)	Former Leeway was Combined with Basic Program
	a. 106% of basic (@ 0-4 mills)	New Provision
	b. 1972 Impact Aid Level (@ 0-4 mills)	New Provision
3.	Voted Leeway (@ 0-10 mills)	Guaranteed @ $4/WPU per mill
4.	Statewide Property Tax (@ X mills)	(By Tax Commission Only)

Capital Outlay & Debt Service

No general equalization program is provided. However, state funds are distributed for districts that qualify under critical and continuing building aid (see IIB-2&3 on page 17-18).

1. 10% of basic M & O (@ X mills).
2. Continuing school building program 8 to 13.5 mills.
3. Special vote limited to 1% of basic (@ X mills).
4. Bonding authority limited to amount of total district revenue for current year which must be paid from income from 1 and 2 above.

IV. Effect of Proposal Toward Equalizing the Revenue Raising Ability of School Districts.

A. Maintenance and Operation - Basic Program.

The new law provides a guarantee to all districts of $508 per pupil in an average of average daily membership and average daily attendance. Each district must levy 28 mills on the assessed value of the property within its boundaries. If the money raised locally does not reach a sum equal to $508 per student the state makes up the difference. If a district raises more than $508 per pupil from its mandatory mill levy, the excess is paid into the uniform school fund for distribution to other school districts.

Under the new law there are these significant changes:

1. The mandatory M & O mill levy was raised from 16 to 28 mills. (This was the result of combining the former "Basic Program" @ 16 mills to the former "Board Leeway" @ 12 mills to arrive at 28 mills). The recapture clause is now applied to the full 28 mills where formerly it applied only to the 16 mill. <u>This feature is the equalizing mechanism of the M & O</u>

program along with the state guarantee of $508 per weighted pupil. Formerly, so called rich districts kept the amount collected from the board leeway that was in excess of the state guaranteed minimum.

2. State funds are distributed on the basis of the average of average daily membership and average daily attendance for regular pupils. "Add on" weightings for small schools, handicapped, and vocational education are based upon average daily attendance only.

3. Each student, regardless of personal characteristics or type or program, now generates $508 as a regular student.

Add on weightings are provided and guaranteed on the basis of programs and ADA. Counting all students once as a regular WPU then adding on the special program weightings helps avoid some double funding that was possible under the old law.

B. Capital Outlay and Debt Service.

As noted in Part II, B-1, 2, and 3 above, revenue for capital outlay and debt service in Utah is primarily a function of the taxable wealth of the school district. Capital outlay revenue is based upon authorization to local boards to levy from 1 to 13.5 mills as well as authorization to levy sufficient millage to raise 10 percent of the basic M & O program.

In 1972-73 the amount that could be raised by a one mill levy ranged from a high of $357,393 in one district to a low of $2,145 in another district. A fixed limited amount

of additional state funds have been distributed to school districts on a priority formula based upon need and qualification by the district. To qualify requires a high local tax effort and being bonded to the limit. The state's contribution has been far too limited to make any major impact toward an equalization of capability among districts. There has been no significant equalizing effort in the capital outlay program. However, for fiscal 1974, the state legislature increased its contribution from $3.1 to $5.1 million in the continuing school building program and reinstated a critical building program with $5.5 million for an overall increase of $7.5 million for capital outlay and debt service. As well, the legislature called for a major statewide study of school building needs. (See pages 17-19)

DISTRIBUTIONS

I. Principal State Aid Program

A. Program Calculation

1. Guaranteed program level and basis for entitlement.

A district's entitlement is based upon the total number of weighted pupils for all program areas times $508, the amount guaranteed by the state. This is exclusive of Federal revenues and the categorical state programs described in IA-4 on page 33. Total weighted pupils for a district are compiled from formula calculations for each of the discrete programs listed below.

Funds provided on the basis of special weightings given to specific program (formula) in the law are referred to as "add ons." This means that the WPU's these programs generate are added onto the WPU's generated by the regular students (regular schools).

Regular Schools	_____	
Necessarily Existent Small Rural Schools	_____	
Out of State Attendance	_____	
Schools Consolidated	_____	
Total Basic WPU's		_____
Professional Staff Cost	_____	
Handicapped Children:		
Regular & Self-Contained	_____	
State Institutions	_____	
Private School Driver Education	_____	
Adult High School Completion:		
18-21 years of age	_____	
22-30 years of age	_____	
Skill Centers (2 only)	_____	

Vocational Education Programs:
Regular (weightings by each sub program) _____
Incentive _____
15% _____
Summer Home Economics _____
Summer Agriculture _____

Summer Kindergarten _____
Administrative Cost _____
Sub-Total WPU's for Add Ons _____

Total Basic plus Add On WPU's _____

a. Average of ADA and ADM for regular students:

The number of weighted pupil units for regular students are computed by adding the average daily attendance and the average daily membership of all pupils of the district attending schools (other than kindergarten and self contained classrooms for handicapped children) and dividing by two.

Grades 1-12: $\frac{\text{ADA}}{\text{ADA}} + \frac{\text{ADM}}{\text{ADM}} = \frac{\text{2}}{\text{2}} = \frac{\text{WPU}}{\text{WPU}}$

b. Kindergarten: For kindergarten the number of WPU's is computed by adding the ADA plus the ADM and multiplying by .275.

Kindergarten: $\frac{\text{ADA}}{\text{ADA}} + \frac{\text{ADM}}{\text{ADM}} = \text{x } .275 = \frac{\text{WPU}}{\text{WPU}}$

c. Handicapped in self contained classrooms: The handicapped children enrolled in self contained classrooms receive a different weighting than either the regular child or handicapped children in regular classes (see handicapped weightings below).

2. Provision for Program Weightings (add ons):

Under a, b, and c above, all pupils would have been

counted once. Special program weightings are add ons to the basic program. The add ons weightings are computed only on ADA. In most of the following formulas, calculations are based upon a combination of the ADA in the specific program plus the WPU's already calculated for the regular program or appropriate grade levels. This added complexity for determining the "Add on" weightings was included in the law as a safeguard for the first year or two of operation in the event the given weightings were far from the differential needed in terms of actual program costs. It is anticipated that these complexities will be removed after actual program cost data become available.

a. Handicapped Pupils. Add on weightings for districts are calculated on the basis of 1, 2, and 3 as follows:

(1) For Each Pupil in Average Daily Attendance In Programs for:	Multiply the number of Handicapped Children in: Regular Class by:	Self-Contained Class by:
Educable Mentally Retarded	.70	2.28
Trainable Mentally Retarded	1.00	2.53
Learning Disabilities	.73	.00
Emotionally Disturbed	1.10	3.09
Deaf and Hard of Hearing	1.60	2.50
Speech and Hearing	.30	.00
Motor Handicapped	1.20	2.88
Visually Impaired	1.60	.00
Homebound and Hospitalized	.00	1.80
Training Center Multiple Handicapped	.00	2.78

(2) Multiply the number of weighted pupil units in the district in regular programs computed for kindergarten, elementary, secondary, and small schools by nine percent.

(3) Add (1) and (2) and divide by two to obtain the number of weighted pupil units in these programs; except that no school district shall receive less than 76 percent (amount allowed for direct costs of educational programs) of its total funds allocated for handicapped children for the 1972-73 fiscal year.

(4) In addition to (1), (2), and (3) above the state board of education is allocated a number of weighted pupil units not to exceed 4 1/2 percent of the number of units allocated under (1) above for state training centers.

b. Vocational Pupils. Add on weightings:

(1) One weighted pupil unit is computed for each 20 pupils in ADA in grades 9 through twelve, plus,

(2)

For Each Pupil In ADA in Programs for:	Multiply One-Half Weighted Pupil Unit by:
Agriculture	1.20
Business	.70
Distributive	.50
Home Economics	.30
Technical and Industrial	1.40

(3) Plus nine weighted pupil units shall be computed for each district and 16 weighted pupil units shall be computed for each high school in the district conducting an approved program.

In addition to this basic formula the law provides additional funds to districts for: (1) each twelve week home economics and agriculture summer program @ nine weighted pupil units, (2) for area and skill centers, and (3) 20% of district's allocation under 1, 2, and 3 above as an "incentive to travel" to a larger school for its vocational program.

c. Necessarily Existent Small Schools: The add on weighted pupils are computed in accordance with the following schedule; except, that the units computed for each school are reduced by the number of units equal to the number of ADA in that school:

(1) Elementary Small School Formula: Multiply the number of kindergarten pupils in average daily attendance by .55 and add the pupils in average daily attendance in grades 1 through 6 and apply that sum to the appropriate school category below:

Average Daily Attendance By School Size	Number of Weighted Pupil Units
5-12	27
13-20	40
21-30	53
31-50	53+(1.4)(ADA minus 30)
51-90	81+(1.2)(ADA minus 50)
91-110	129+(1.0)(ADA minus 90)
111-165	149+(0.3)(ADA minus 110)

(2) Junior High Small School Formula:

Average Daily Attendance By School Size	Number of Weighted Pupil Units
0-40	Number of pupils multiplied by 2.0
41-80	80+(1.5)(ADA minus 40)
81-150	140+(1.4)(ADA minus 80)
151-250	238+(1.0)(ADA minus 150)
251-350	338+(0.12)(ADA minus 250)

(3) Senior High Small School Formula:

Average Daily Attendance By School Size	Number of Weighted Pupil Units
0-75	Number of pupils multiplied by 2.0
76-125	150+(1.6)(ADA minus 75)
126-185	230+(1.1)(ADA minus 125)
186-275	296+(0.6)(ADA minus 185)
276-375	350+(0.6)(ADA minus 275)

or (4) Six Year Small School Formula (Grades 7-12):

Average Daily Attendance By School Size	Number of Weighted Pupil Units
0-80	Number of pupils multiplied by 2.0 (minimum total weighting of 27)
81-160	160+(1.4)(ADA minus 80)
161-250	272+(1.0)(ADA minus 160)
251-425	362+(0.36)(ADA minus 250)

d. Professional Staff Weighted Pupil Units: Weighted pupil units are also allocated on the basis of the extra costs a district may incur as a result of the years of experience and training level of professional staff.

(1) Multiply the number of full time or equivalent professional personnel in each applicable experience category by the applicable weighting factor.

Years of Exper.	Bachelor's Degree	Bachelor's + 30 qt hr	Masters Degree	Masters + 45 qt hr	Doctorate
1	1.0	1.05	1.10	1.15	1.20
2	1.05	1.10	1.15	1.20	1.25
3	1.10	1.15	1.20	1.25	1.30
4	1.15	1.20	1.25	1.30	1.35
5	1.20	1.25	1.30	1.35	1.40
6	1.25	1.30	1.35	1.40	1.45
7	1.30	1.35	1.40	1.45	1.50
8	1.35	1.40	1.45	1.50	1.55
9			1.50	1.55	1.60
10				1.60	1.65
11					1.70

(2) Divide the total of (1) by the number of professional personnel included in (1) and reduce the dividend by 1.00.

(3) Multiply the result of (2) by one-fourth of the total weighted pupil units computed in accordance with the formula for all pupils in the district (kindergarten, grade one through twelve and small schools). This does not include the add on weightings.

3. Enrollment Increase or Decrease Provisions:

See IA (a) above. Calculations are based upon the average of average daily attendance plus average daily membership: $\frac{ADA + ADM}{2}$.

4. Special Categorical Aid Programs. (Not distributed on a WPU's basis).

For several years the Utah school finance law included categorical aid programs including: instructional media centers, extended day and extended year, community schools, teacher leadership, career development (dropout prevention), experimental programs, data processing, educational television, and multi-district cooperating services. Two new programs were added, compensatory education and elementary school guidance.

Also, programs for the handicapped, necessarily existent small schools, and vocational education described in I-2 above should be considered as categorical aid programs.

The special categorical programs follow:

a. Instructional media centers. This program was increased from $500,000 to $545,000 annually and distributed as follows:

(1) Each district shall receive $350 for each school in which it maintains and operates an instructional media center approved by the state board of education.

(2) Each district shall receive that proportionate share of the remaining amount that the districts total weighted pupils in regular schools, kindergarten and small schools bears to the total for all districts.

b. Extended year, extended day and summer programs. The funding was increased from $600,00 to $650,000 to be apportioned percentage-wise to districts based on their number of weighted pupil units.

c. Community school programs. Funds were increased from $250,000 to $325,000 and the formula placed in the law as follows:

(1) Each district shall receive $1,000 for approved programs.

(2) Each district shall receive that proportionate share of the remaining amount that its units bear to the state total.

At the election of the district and upon approval of the state board of education a school district may transfer funds between extended year and community school programs.

Heretofore, there have been no legislative guidelines for the use of community school money. The legislature did provide intent in the new law, which reads:

> Funds allocated to school districts for community schools shall be approved by the state board of education and shall be used to support the concept that the schools belong to the people and to find ways to engage the community in determining the role the schools shall play in solving individual and community problems.

d. Teacher leadership programs. An increase in funds of $50,000 was given to this program--to $850,000. The funds are apportioned to districts on the basis of the ratio of each school districts weighted pupil units related to the total units for the state. Each district develops a plan for rewarding distinguished quality teaching and teacher leadership such as: service as a head of a teaching team, curriculum development leader, directing teacher interns, innovative service, etc. It requires that not less than a 7 percent increase in salary be paid to those recognized as distinguished teachers.

e. Career development (dropout prevention programs). The original figure of $225,000 was retained with no changes in the mechanics of the law. Funds are to be used for the placement of potential dropouts into jobs or into vocational or special training model programs which are to be developed for the purpose of preventing dropouts.

f. Experimental programs. The amount of money was increased from $100,000 to $200,000 and the words "including early childhood programs" were added to the law. This addition would give the state board authority to approve research and demonstration programs for early childhood education. The state board had assumed that authority earlier, but the inclusion of those words opened the door, which previously had been closed, to legislative appropriations to this field.

g. Compensatory education. Utah had not previously appropriated funds categorically to compensatory education programs. There was considerable debate concerning the amount of money to be appropriated and whether or not it should be distributed equally or allocated on a project basis to selected districts. Finally $600,000 was appropriated for equal distribution to all school districts based on the number of disadvantaged pupils in the district compared to the total number in the state. Disadvantaged includes pupils from low-income families, Spanish American and American Indian pupils with bilingual characteristics, and neglected and diliquent children.

h. Elementary school guidance. This, too, is a new program as a result of the new law. Each district will receive a proportionate share of $250,000 based upon the district's total weighted pupils related to the total for all districts.

5. Local incentive provisions to stimulate change:

A section was added to the Utah school finance law in 1971 intended to provide an incentive for district consolidation. No district has taken advantage of the provision and no change was made in the section.

6. Other Program Calculations:

The new law provides that in the event a school district does not use all its funds under each of the categorical programs (except small schools, vocational education, programs for the handicapped, and experimental schools) the state board may reallocate the monies on a project basis.

a. School Transportation. Formerly transportation was included as a part of the basic program. Under the new law it stands alone. As well the formula was changed to provide a factor for density of population. The amount for each district is determined by multiplying the weighted transported pupils in each district by an amount computed from a linear regression formula generated from the relationship between the density factor (number of pupils transported to bus route miles) and the approved transportation costs. Not less than 77 percent of a districts approved costs will be paid by the state. Weighted pupils for transportation purposes are calculated by adding the sum of the following:

(1) Multiplying the number of eligible educable or emotionally disturbed pupils by four,

(2) the number of trainable pupils by five,

(3) the number of physically handicapped by ten, and

(4) the number of other eligible pupils by one.

Elementary pupils must be transported who live more than 1 1/2 miles from school, secondary pupils must be transported who live more than 2 miles from school, and trainable, motor, or multiple handicapped pupils without reference to distance from school.

B. Funding Plan for Principal State Aid Program.

1. State and Local Shares: Equalized levy, equalized dollars. All districts are required to levy a basic millage of 28 mills with a recapture clause so that richer districts assist those less affluent. The basic amount per student is the same for all districts. A district may receive more or less dependent upon the number of participants in each program having varying weightings. (See also pages 12 and 23).

2. Provisions for Transition.

a. Leveling Up or Down to Guarantee. The proposal was developed to raise expenditures up to the level of the highest expenditure district. The increase of $21.7 million in state money was required to achieve this objective. A special provision was made in the new law to assure an increase for the highest expenditure district at 106 percent of its prior level. As well the district that had levied much less than the new 28 mill mandatory levy was protected with a three year

phase in period. If the local levy increase is more than 10 mills the district can limit the increase to 33 1/3 percent per year for a period of three years. In so doing, however, its basic state support would be reduced by $18.20 per weighted pupil for each mill less than the required 28 mill levy. Se also Part II, item II, A) page 13.

b. Maintenance of Expenditure Levels. Under the new program all districts will receive state aid. To qualify for the aid they must levy the full 28 mills. There is no need for a maintenance of expenditure level requirement. (See also "a" above).

3. Save harmless or minimum participation guarantees. No such provision in Utah law, see "1" and "2" above.

4. State budget review and approval provisions. Utah law stipulates that the superintendent of each school district shall be and act as the budget officer. The budget must be adopted by the local board in a public meeting prior to July 1. A copy of the budget, as adopted, must be filed with the state auditor and with the state board of education. The law stipulates that the auditor will formulate and print uniform budget forms. In fact, the state auditor delegates this function to the state board of education. The state board reviews each local board's budget and advises the local if there are any major discrepancies.

C. Specific Non-Revenue Requirements for Local Participation

1. District structure or organization. Other sections of law and the constitution establish the structure for school districts. All systems are K-12. All have five local board members except cities of the first class (Salt Lake City) have seven. No changes were made in district organization or structure with the new act.

2. Local control. Utah law mandates local control of education. The state board of education has only the responsibility for the general supervision and control of the schools. No changes were made regarding local control in the new act.

3. Program offering. The state board of education sets the minimum requirements for high school completion. A state course of study commission adopts course outlines for the public schools. Neither of these functions were changed by the new law.

4. Accountability provisions Accountability legislation has been introduced in two separate sessions of the legislature but has not been adopted into law. However, under the new law funds are, to a much greater extent, traceable to individual students in programs. This gives rise to requirements for cost effectiveness, audit trails and performance criteria.

5. Changes in reporting system. Due to the change in the law, all statistical and financial report forms will need to be changed. This will cause a corresponding change in record keeping in all districts.

II. State Aids Distributed Separately from Principle State Aid Program.

In addition to the basic program, state aid is given for categorical programs including: transportation, vocational education, handicapped children, small schools, instructional media centers, extended year, extended day and summer programs, community schools, distinguished quality teaching, career development (dropout prevention) experimental programs and continuing school building aid. The new law added compensatory education and elementary guidance programs, and in separate legislation critical school building aid. (See part II, item I A 4 under distributions for more detail). See pages 33-36.

PART III - EFFECT ON SELECTED DISTRICTS

The funding level of the weighted pupil formula was targeted to provide a level of support equal to the level attained by the district with the highest relative wealth (amount per distribution unit) under the old law. Actually, one other district in the state could have qualified for a higher level of support but consistently chose not to use its full leeway authority. Under the new law all districts receive the same amount for each weighted pupil ($508). A district may exceed this level of expenditure consistently over the years only if it has authorization for a leeway by the voters of the district. Consequently the variation in level of expenditure per pupil among Utah's 40 school districts portrayed in tables I through VIII is a result of two factors (a) a voted leeway, and (b) the districts total add on weightings. The add on weightings given for special schools (necessarily existent small schools) overrides all other factors in determining the ranking of districts

according to the highest amount spent per pupil in ADA.

In the tables that follow the data are based upon the estimated data provided by the State Board of Education's computer simulator to the legislature. School enrollments, average daily attendance (ADA), the exact variations in mill levies, and the amount per pupil in ADA are all estimates based upon projections developed by the State Board using standard procedures. The amounts per pupil shown for 1972-1973 and 1973-1974 school years in tables I, II, V, VI and VII are not the total amount available. The figures shown represent the value of the basic program only it does not include transportation nor sums for categorical aid programs. In 1972-1973 the average revenue per pupil in ADA for categorical programs was $114 and it is estimated the amount will be $137 in 1973-1974.

Table I: This table depicts the range in size of Utah's forty school districts. Granite, the largest has an estimated ADA of 56,940 and Daggett, the smallest, has an estimated ADA of 200. The table clearly demonstrates the affect of add on weighted pupils for small schools. Granite with a much higher mill levy (affective difference under the old law is 5.15 mills, see table footnote) in 1972-1973 received $472 per pupil in ADA less than was provided to Daggett. Under the new law with a 4.93 higher mill levy Granite will receive $692 less per pupil in ADA than will Daggett. The estimated dollar increase for the M&O program 1973-1974 over 1972-1973 is 12.07 percent.

Table II: This table again portrays the affect of the add on weighted pupils for small schools. Of a total ADA of 167 Daggett receives 146 weighted pupils equal to 87 percent of its ADA.

TABLE I

UTAH

STRATIFIED BY DISTRICT SIZE
(Estimated Data)

District	1972-73 Total ADA	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil ADA	Estimated 1973-74 M & O Mill Levy	Estimated 1973-74 Amount Per Pupil ADA
Granite	56,940	*33.15	$554	32.93	$617
Davis	32,698	28.00	544	28.00	613
Jordan	25,342	28.00	586	28.00	606
Alpine	16,997	28.00	551	28.00	612
Tintic	268	28.00	948	35.22	1,175
Daggett	200	**25.55	1,026	28.00	1,309

*Includes Voted Leeway.

**Mill levy reduction permitted as a result of State revaluation of property. Levy must be increased by 1/3 per year to 28.00 mills.

TABLE II

UTAH

STRATIFIED BY SMALL SCHOOLS ADD-ON
(Estimated Data)

District	Total ADA	WPU's for Special Schools 1973-74	Rank Order	*% WPU is of ADA	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil	1973-74 M & O Mill Levy	1973-74 Amount Per Pupil
Daggett	167	146	1	87.42	25.55	$1,026	28.00	$1,309
Tintic	245	166	2	67.75	**35.12	948	**35.22	1,175
San Juan	2,592	205	14	7.90	17.60	494	24.00	670
South Summit	728	63	13	8.65	25.36	663	28.00	722
Salt Lake City	27,059	-0-	29	--	**32.57	581	**32.22	640
Davis	31,926	-0-	30	--	28.00	544	28.00	630

*Rank order by percent small schools WPU's is of ADA. 28 districts of 40 receive special school funds.
**Includes mills for voted leeway.

Salt Lake and Davis school districts do not receive any add on WPU's for small schools. Both Tintic and Salt Lake City school districts have authorization for voted leeways (see Table VII). Salt Lake City receives an additional $42.59 per weighted pupil compared with $26.79 for Tintic a difference of $15.80. Daggett receives $679 more per ADA pupil in the basic program than does Davis. In 1972-73 the amount of difference was $482.

Table III: This table ranks all of the districts from high to low in the estimated number of children in average daily attendance for 1973-1974. The ranking is broken into categories to facilitate the comparison of estimated funds per child in ADA in districts of more similar size than the range for the state as a whole.

Category 1 includes districts ranging from 8,000 ADA to 57,000. The range in the amount per ADA child is from $710 to $824, a difference of $114. Four of the top five districts in this category have additional revenue from voted leeways and all four are either city districts or the largest suburban district in the state.

Category 2 includes districts ranging from 3,000 ADA to 8,000. The range in the amount per ADA child is from $726 to $870, a difference of $144 The top expenditure district in this category has a voted leeway and it also receives some funds from special small schools.

Category 3 includes districts ranging from 1,000 ADA to 3,000. The range in the amount per ADA child is from $773 to $927, a difference of $154. The first four districts in this category

DISTRICTS RANKED BY ESTIMATED ADA FOR 1973-74 WITH TOTAL M&O MONIES PER ADA AND PERCENT SPECIAL SCHOOL WPU's OF ADA
(Estimated Data)

Category	Districts	Estimated ADA	% Special Schools WPU's is of ADA	Total Amount per ADA	Dollar Range
	*Granite	56,338	0.00	$757	
	Davis	31,926	0.00	722	
	*Salt Lake	27,059	0.00	824	
	Jordan	27,106	.23	710	
1	Alpine	17,713	.14	715	$114
	Weber	17,408	.50	733	
	*Ogden	13,105	0.00	785	
	Nebo	9,708	0.00	736	
	*Provo	8,406	0.00	771	
	Box Elder	8,172	2.27	777	
	Cache	6,738	0.00	745	
	Tooele	6,061	4.60	771	
	*Murray	5,507	0.00	777	
	Uintah	4,269	2.83	772	
2	Washington	3,985	5.19	776	144
	Logan	3,783	0.00	726	
	*Carbon	3,502	4.56	870	
	Duchesne	3,269	10.27	809	
	Iron	3,028	4.75	788	
	Sevier	2,799	4.75	812	
	San Juan	2,592	7.90	838	
	Millard	2,043	17.52	910	
	*Wasatch	1,749	0.00	781	
3	Emery	1,636	24.26	927	154
	Grand	1,608	.37	800	
	So. Sanpete	1,468	15.19	906	
	Morgan	1,308	0.00	773	
	No. Sanpete	1,091	21.44	923	
	*Beaver	950	19.26	996	
	Juab	946	.23	775	
	Kane	834	30.57	1,049	
4	Garfield	811	58.19	1,227	452
	So. Summit	728	8.65	871	
	No. Summit	631	10.31	890	
	*Park City	489	22.90	977	
	Wayne	377	61.53	1,358	
	Rich	362	65.65	1,374	
5	Piute	309	57.20	1,372	244
	*Tintic	245	67.75	1,443	
	Daggett	167	87.42	1,602	

*These districts have voted leeways

receiving the highest amount per ADA child are the first ones receiving significant amounts for special small schools. The small school add on WPU's as a percent of ADA of these four districts range from 15 to 24 percent.

Category 4 includes disrricts ranging from 400 ADA to 1,000. The range in the amount per ADA child is from $775 to $1,227. The two top expenditure districts in this category receive still higher levels of support for special small schools. The add on WPU's for this factor as a percent of ADA is 58 and 31 percent respectively.

Category 5 includes districts with ADA ranging from 150 pupils to 400. The amount per ADA child is double that of the largest system in the state ranging from $1,358 to $1,602 per ADA child. This is a difference of $244.

All of these districts are critically dependent upon high levels of support for their special small schools, the range of special add on WPU's as a percent of ADA for this category of districts is from 57 to 87 percent.

As would be expected there is a direct correlation between level of expenditure and percent of special schools add on WPU's. Significantly, as noted elsewhere, the district with the highest relative wealth (Jordan) receives the lowest amount per ADA $710 compared with $1,602 the amount estimated for the state's smallest school district.

Table IV: This table illustrates the lack of influence that district wealth has on revenue per pupil in ADA. A comparison is made for the 1972-1973 and the 1973-1974 school years. The best comparisons should be made between Jordan School District and Davis School District under the two formulas.

TABLE IV

UTAH

STRATIFIED BY RANGE IN DISTRICT WEALTH PER WEIGHTED PUPIL
(Estimated Data)

District	Total ADA	Assessed Valuation Per Weighted Pupil	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil ADA	1972-73 Rank 1-40	1973-74 M & O Mill Levy	1973-74 Amount Per Pupil ADA	1973-74 Rank 1-40
San Juan	2,527	13,647	17.60	$640	37	***24.00	$838	17
Jordan	26,128	11,233	28.00	676	28	28.00	710	38
Iron	3,123	8,543	28.00	674	29	28.00	788	22
Ogden	14,748	5,218	*31.99	681	25	*31.74	785	23
Wayne	409	3,255	23.20	1,228**	2	28.00	1,358	5
Davis	33,677	3,056	28.00	636	38	28.00	722	36

*Includes Voted Leeway

**Includes special D.U.'s for necessarily existent small schools

***Less than 28 mills due to phase in provision in the law.

The amount per ADA in this table is for total M & O program.

San Juan School District has elected not to levy its full authorization under the old law reducing the level of its program. Jordan and Davis each levied the full authorization in 1972 and 1973 and will be required to levy 28 mills in 1973-74. Jordan realized $40 more than Davis per pupil in ADA under the old law while for the same levy Jordan will receive an average of $12 per pupil less than Davis in 1973-1974 under the new law. This change portrays the influence of the comparative number of children being served in programs that are more costly resulting in one district qualifying for relatively more "add on" pupil weightings. The table also shows a much higher expenditure per pupil for San Juan. This is a result of the mandatory levy requirement. This district is permitted under the new law to phase into the full 28 mill levy. It is penalized $18.20 per weighted pupil per mill below the 28 mills. Wealth does not influence the M&O program under the new law unless the district has a voted leeway.

The column depicting the ranking of the districts shows the relative position each district held in per ADA pupil expenditures for each of the two years. Even under the old program wealth was not the major determinant of per child expenditure levels. The state guaranteed minimum program along with special support for small schools made it possible for the small schools to spend more than twice as much per child as the state's most wealthy districts.

Table V: This table ranks districts according to the percent the add on pupil weightings for handicapped children is of ADA. You will note that the variation among the three city districts was only $16 per ADA pupil in 1972-73 and is estimated at $6 in

TABLE V

UTAH

STRATIFIED BY INCIDENCE OF HIGH COST PUPILS
(Estimated Data)

District	% Handicapped WPU's is of ADA	Rank Order	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil	Estimated 1973-74 M & O Mill Levy	Estimated 1973-74 Amount Per Pupil
Provo	14.7	1	31.00	$583	32.00	$637
Ogden	14.1	2	31.99	567	31.74	634
Salt Lake	13.6	3	32.57	581	32.22	640
Duchesne	7	20	*22.65	642	28.00	689
Davis	8.6	21	28.00	544	28.00	613
Piute	2.2	39	28.00	945	28.00	1,133
South Sanpete	1.0	40	28.00	674	28.00	758

*Mill levy reduction permitted as a result of State revaluation of property. Levy must be increased by 1/3 per year to 28.00 mills. See definition, pages 12 and 38.

1973-74. The per ADA pupil increase between the two years for the city districts shown in the table ranged from $54 to $67. While the range of increase for the two very small districts (Piute and South Sanpete) was from $84 to $188. This again testifies to the over-riding influence the special support for small schools has on level of support among the districts.

Table VI: This table ranks the districts according to the percent the vocational add on WPU's is of the ADA. It will be noted that the very small school districts under this formula also receive a relatively higher portion of the vocational WPU's. In fact, the complete listing of all districts in rank order on this factor almost follows the ADA in ascending order. With only few exceptions the small rural counties receive the highest percent of vocational add on WPU's while the more populace county school districts and the city school districts tend to receive proportionately fewer vocational add on WPU's.

Table VII: This table ranks the districts according to the percent the WPU add-on for staff cost is of ADA. Surprisingly, the large city districts with declining enrollments do not seem to reap a higher proportionate return from the factor than the small rural districts as hypothesized. No one really knows what the results of this program will be. To some extent the small rural district with little staff turnover according to the estimated data seemed to receive proportionately higher benefits from this program.

Table VIII: This table lists all of the districts that have voted leeway authorizations. These authorizations were all granted

TABLE VI

UTAH

STRATIFIED BY VOCATIONAL ADD-ONS
(Estimated Data)

District	ADA	WPU's for Voc. Ed.	Rank WPU to ADA	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil	1973-74 M & O Mill Levy	1973-74 Amount Per Pupil
Daggett	167	38.0	1	*25.55	$1,026	28.00	$1,309
Rich	362	62.0	2	*21.95	905	28.00	1,112
Washington	3,985	210.0	20	28.00	588	28.00	672
Nebo	9,708	496.0	21	28.00	564	28.00	624
Jordan	27,106	586.0	39	28.00	586	28.00	606
Weber	17,408	398.9	40	28.00	551	28.00	613

*Mill levy reduction permitted as a result of State revaluation of property. Levy must be increased by 1/3 per year to 28.00 mills.

TABLE VII

UTAH

STRATIFIED BY STAFF ADD-ON COST
(Estimated Data)

District	Total ADA	Add on WPU's	Rank Order*	1972-73 M & O Mill Levy	1972-73 Amount Per Pupil ADA	1973-74 M & O Mill Levy	1973-74 Amount Per Pupil ADA
Tintic	245	38.5	1	28.00	$1,145	35.22	$1,175
Wayne	377	53.5	2	28.20	1,228	28.00	1,100
Washington	3,985	331.7	20	28.00	588	28.00	672
Wasatch	1,749	144.5	21	**24.45	570	30.18	635
So. Sanpete	1,468	174.4	39	28.00	674	28.00	758
Tooele	6,061	447.1	40	26.00	563	28.00	648

*Rank ordered by percent WPU's for staff add on is of ADA.

**Mill levy reducation permitted as a result of state revaluation of property. Levy must be increased by 1/3 per year to 28.00 mills

TABLE VIII

UTAH

REVENUE PER WEIGHTED PUPIL AUTHORIZED BY VOTER LEEWAY

District	Yield 1 mill @ 98%	Voted Mill Levy	Amount per Weighted Pupil
Salt Lake City	343,477	4.225	$ 42.59
Murray	37,182	6.930	38.15
Carbon	33,402	4.029	28.61
Park City	5,259	4.087	27.54
Beaver	7,999	5.070	26.98
Tintic	2,102	7.221	26.79
Granite	315,099	4.935	22.73
Ogden	83,664	3.744	19.14
Provo	50,264	4.005	19.08
Wasatch	17,723	2.185	17.72

under the new law. This factor and some federal grants are the disequalizing influences on the school finance program.

PART IV - LEGAL IMPLICATIONS

A. School Finance Background

The State of Utah has had a long history of state financial support to local school districts. The basic finance concept that has been operative up through June 30, 1973 was initiated in 1947 as a state guaranteed minimum program. The system was established to assure an adequate program for each child in the state while permitting local effort to exceed the minimum level guaranteed by the state. In succeeding years as the disparity of resources per child grew under this principle the legislature broadened its minimum guaranteed support beyond the mill levy for the basic program to the board leeway levy and subsequently to the voted leeway. At the same time the number of mills in the basic program was increased and the board leeway millage was effectively decreased. This movement broadened the number of mills subject to the recapture clause and reduced the number of mills that benefited the so called wealthy districts. These actions in recent years narrowed the variance among districts in the amount available per child in average daily attendance.

However, new categorical programs were added during the same period that saw a dramatic increase in federal assistance to education. The allocation patterns that occurred seemed to result in creating greater inequities among school districts. Despite these problems the state guaranteed minimum school finance program in Utah resulted in a narrower disparity among districts within the

state than was true of all other states except Hawaii.

As was noted in the narrative regarding tables I, II, and III, the purposeful disparity among Utah schools for the most part is related to school district size. The wealthiest district actually receives the lowest amount per weighted pupil in average daily attendance while the district with the highest level of support has the lowest enrollment and ranks near the middle in terms of wealth.

The new Utah school finance act for maintenance and operation moves still further toward meeting recent court decisions in some states which require a reduction in the influence local wealth has on the level of support. The continuation of the voted leeway program in Utah still influences equalization of resources negatively if total equalization in fact is the requirement. Within the school size categories in table III, school districts with voted leeway tended to be the high expenditure districts within the category with some few exceptions. A combination of the small school add ons and voted leeway seemed to be the deciding factor.

The effort to relate level of support to estimates of program cost is much in evidence in the new Utah law. Weighted pupil add ons are provided for small rural schools, handicapped children, vocational education, professional staff experience and training, and administrative costs. All of these factors, with the exception of professional staff cost, were recognized in the old law with special funding. However, no uniform funding approach was used. Under the new law, the weighted pupil permits refinement and improvement. It attempts to provide a level of support more nearly related to the actual program cost. As more adequate program cost data becomes available through the implementation of the new law it

will be possible to provide even greater fiscal equity among programs according to need within a district, from school to school and even classroom to classroom.

B. Results:

1. The new law more adequately levels the differences in ability to raise revenue, further removing the dependence of local districts on the property tax.
2. A district with a low tax base is aided by the state to provide equal education through an equal level of support on a program basis.
3. Local tax overburden for districts that have sparsely populated areas or that contain large municipalities with high cost special education programs is much less likely to occur.
4. The dollars available are more equitably distributed and wide variations in effort and ability is not left to local discretion or tax base.
5. The local taxable wealth of the school district is not the determining factor in the amount of money available for the schools.
6. All districts will be required to levy the uniform rate of 28 mills with a recapture requirement for revenue derived in excess of the amount the district qualifies for bases upon a standard formula.
7. A voted leeway program permits limited local effort beyond the state guaranteed program.

8. The level of expenditure varies primarily as a result of program cost and the size of the school system and not on the basis of wealth.
9. In sum the new Utah law further assures that the level of spending for a child's publicly financed elementary or secondary education will not depend upon the taxable wealth of the school district nor will parental wealth or residence influence expenditure levels.